

Appendix

The "Trading With the Enemy Act" of 1917, before amendment, provided, as far as pertinent, as follows:

"Sec. 5(a) That the President * * * may make such rules and regulations, not inconsistent with law, as may be necessary and proper to carry out the provisions of this Act; and the President may exercise any powers or authority conferred by this Act through such officer or officers as he shall direct. * * *"

"Sec. 5(b) That the President may investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, export or ear-marking of gold or silver coin or bullion or currency, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States), and transfers of evidences of indebtedness or of the ownership of property between the United States and any foreign country, whether enemy, ally of enemy or otherwise, or between residents of one or more foreign countries, by any person within the United States; and he may require any such person engaged in any such transaction to furnish, under oath, complete information relative thereto, including the production of any books of account, contracts, letters or other papers, in connection therewith in the custody or control of such person, either before or after such transaction is completed."

"Section 16. That whoever shall wilfully violate any of the provisions of this Act or of any

license, rule, or regulation issued thereunder, and whoever shall wilfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this Act shall, upon conviction, be fined not more than \$10,000, or, if a natural person, imprisoned for not more than ten years, or both; and the officer, director or agent of any corporation who knowingly participates in such violation shall be punished by a like fine, imprisonment, or both, and any property, funds, securities, papers or other articles or documents, or any vessel, together with its tackle, apparel, furniture, and equipment, concerned in such violation shall be forfeited to the United States."

The following contains that which we believe to be the pertinent portions of the Report of Hearings before the Committee on Banking and Currency, United States Senate, 73rd Congress, 2nd Session on S. 2366 (Jan. 19 to 23, 1934).

FRIDAY, JANUARY 19, 1934.

United States Senate,
Committee on Banking and Currency,
Washington, D. C.

The committee met, pursuant to call, at 2 p. m., in room No. 301 of the Senate Office Building, Senator Duncan U. Fletcher presiding.

Present: Senators Fletcher (chairman), Glass, Wagner, Barkley, Bulkley, Gore, Byrnes, Bankhead,

Adams, Goldsborough, Townsend, Walcott, Carey, Couzens, Steiwer, and Kean.

The Chairman. The committee will come to order, please. This meeting has been called for a hearing on S. 2366, which will be made a part of the record.

* * * * *

The Chairman. I think it would be proper to insert in the record the Executive order by the President with reference to gold, which Executive order was issued last spring; and also another Executive order by the President; and a statement by the Secretary of the Treasury, the opinion rendered by the Attorney General, the statement made by Governor Black. These documents have been offered before the committee when in executive session, and they will be made a part of the record.

(The papers referred to are as follows):

[S. Doc. No. 114, 73d Cong., 2d sess.]

To the Congress:

* * * * *

Certain lessons seems clear. For example, the free circulation of gold coins is unnecessary, leads to hoarding, and tends to a possible weakening of national financial structures in times of emergency. The practice of transferring gold from one individual to another or from the Government to an individual within a nation is not only unnecessary but is in every way undesirable. The transfer of gold in bulk is essential only for the payment of international trade balances.

Therefore it is a prudent step to vest in the government of a nation the title to and possession of all monetary gold within its boundaries and to keep that gold in the form of bullion rather than in coin.

Because the safe-keeping of this monetary basis rests with the Government, we have already called in the gold which was in the possession of private individuals or corporations. There remains, however, a very large weight in gold bullion and coins which is still in the possession or control of the Federal Reserve banks.

* * * * *

Certain amendments of existing legislation relating to the purchase and sale of gold and to other monetary matters would add to the convenience of handling current problems in this field. The Secretary of the Treasury is prepared to submit information concerning such changes to the appropriate committees of the Congress.

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FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
January 15, 1934.
(Report, pp. 6-8.)

READ TO SENATE COMMITTEE ON BANKING AND CURRENCY BY THE HONORABLE SECRETARY OF THE TREASURY ON JANUARY 16, 1934.

MEMORANDUM.

(For guidance of the press but not to be quoted ---
as a Treasury statement.)

The following were the chief developments today in the monetary situation:

1. * * *

2. In compliance with the request contained in the President's message there was introduced in Congress today a bill which makes the necessary amendments to existing law and provides the machinery for carrying out the President's suggestion. The provisions of the bill may be summarized as follows:

* * * * *

Clarifies the Government's power to regulate the acquisition, transporting, melting or treating, import, export, or earmarking of gold.

Provides forfeiture of gold withheld, acquired, transported, melted or treated, imported, exported, or earmarked in violation of this bill or regulations of the Secretary of the Treasury, and also a penalty equal to twice the value of the gold.

* * * * *

Approves and confirms action taken by the President and the Secretary of the Treasury under the act of March 9, 1933, and sections 43 and 45 of the act of May 12, 1933.

3. * * *

(Report, pp. 8-10.)

TREASURY DEPARTMENT'S RELEASE TO MORNING
PAPERS, JANUARY 18, 1934.

The Secretary of the Treasury issued instructions tonight (Jan. 17), authorizing the Treasurer of the United States, the United States Mints and Assay Offices, and the Federal Reserve banks to continue, until further notice, to receive gold coin and gold certificates and to pay therefor in other currency at their face value. They were also authorized to receive gold bullion and to pay for it at the statutory rate of \$20.67 per ounce.

The instructions issued tonight are made subject to the rights reserved in the Secretary's order of January 15, setting midnight of January 17 as the final date on which gold coin, gold certificates, and gold bullion might be delivered in compliance with the Secretary's order of December 28, 1933.

Inquiries have been received by the Treasury Department from business men who desire to know whether they may continue to accept gold coin and certificates in payment for merchandise and services. The instructions which were sent out tonight will provide a way by which they may dispose of receipts of gold coin and gold certificates and receive payment for them.

INSTRUCTIONS SENT BY THE SECRETARY OF THE TREASURY ON JANUARY 17, 1934, TO THE TREASURER OF THE UNITED STATES, THE UNITED STATES MINTS AND ASSAY OFFICES, AND THE FISCAL AGENTS OF THE UNITED STATES, CONCERNING WRONGFULLY WITHHELD GOLD COIN, GOLD BULLION, AND GOLD CERTIFICATES DELIVERED AFTER JANUARY 17, 1934.

The order of the Secretary of the Treasury dated January 15, 1934, supplementing the order of December 28, 1933, requiring the delivery of gold coin, gold bullion, and gold certificates to the Treasurer of the United States provides, in part, as follows:

"* * * I, HENRY MORGENTHAU, JR., Secretary of the Treasury, do hereby fix midnight of Wednesday, January 17, 1934, as the expiration of the period within which any gold coin, gold bullion, or gold certificates may be paid and delivered to the Treasurer of the United States in compliance with the requirements contained in such order of December 28, 1933, as amended.

* * * * *

Subject to the rights reserved in said order of January 15, 1934, supplementing the order of December 28, 1933, requiring the delivery of gold coin, gold bullion, and gold certificates to the Treasurer of the United States, and without prejudice to the right to alter or amend these instructions from time to time by notice to the Treasurer of the United States, the United States Mints and Assay Offices, and the Federal Reserve banks, I do hereby prescribe that in the event that any gold coin, gold bullion, or gold

certificates held in noncompliance with said order of December 28, 1933, as amended, and said order of January 15, 1934, are offered after January 17, 1934, to the Secretary of the Treasury, the Treasurer of the United States, any United States Mint or Assay Office or to any fiscal agent of the United States, the Secretary of the Treasury, the Treasurer of the United States, any United States Mint or Assay Office, and the fiscal agents of the United States shall pay for such gold coin and gold certificates the dollar face amount thereof, and for gold bullion \$20.67 an ounce. Member banks of the Federal Reserve System may receive such gold coin, gold bullion, and gold certificates for account of the Treasurer of the United States and forthwith forward the same to the Secretary of the Treasury, the Treasurer of the United States, any United States Mint or Assay Office or any fiscal agent of the United States, whichever is nearest.

H. MORGENTHAU, JR.,

Secretary of the Treasury.

(Report, pp. 17-18.)

A PROCLAMATION BY THE PRESIDENT OF THE UNITED STATES OF AMERICA. (No. 2039.) (48 Stat. L. 1.)

[BANK HOLIDAY, MAR. 6-9, 1933, INCLUSIVE.]

Whereas there have been heavy and unwarranted withdrawals of gold and currency from our banking institutions for the purpose of hoarding; and

Whereas continuous and increasingly extensive speculative activity abroad in foreign exchange has

resulted in severe drains on the Nation's stocks of gold; and

Whereas these conditions have created a national emergency; and

Whereas it is in the best interests of all bank depositors that a period of respite be provided with a view to preventing further hoarding of coin, bullion or currency, or speculation in foreign exchange and permitting the application of appropriate measures to protect the interests of our people; and

Whereas it is provided in section 5 (b) of the act of October 6, 1917 (40 Stat. L. 411), as amended "That the President may investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange and the export, hoarding, melting, or earmarkings of gold or silver coin or bullion or currency * * *"; and

Whereas it is provided in section 16 of the said act "that whoever shall willfully violate any of the provisions of this act or of any license, rule, or regulation issued thereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this act, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, imprisoned for not more than 10 years, or both; * * *";

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, in view of such national emergency and by virtue of the authority

vested in me by said Act and in order to prevent the export, hoarding, or earmarking of gold or silver coin or bullion or currency, do hereby proclaim, order, direct, and declare that from Monday, the 6th day of March, to Thursday, the 9th day of March, 1933, both dates inclusive, there shall be maintained and observed by all banking institutions and all branches thereof located in the United States of America, including the territories and insular possessions, a bank holiday, and that during said period all banking transactions shall be suspended. During such holiday, excepting as hereinafter provided, no such banking institution or branch shall pay out, export, earmark, or permit the withdrawal or transfer in any manner or by any device whatsoever, of any gold or silver coin or bullion or currency or take any other action which might facilitate the hoarding thereof; nor shall any such banking institution or branch pay out deposits, make loans or discounts, deal in foreign exchange, transfer credits from the United States to any place abroad, or transact any other banking business whatsoever.

During such holiday, the Secretary of the Treasury, with the approval of the President and under such regulations as he may prescribe, is authorized and empowered (a) to permit any or all of such banking institutions to perform any or all of the usual banking functions; (b) to direct, require, or permit the issuance of clearing house certificates or other evidences of claims against assets of banking institutions, and (c) to authorize and direct the creation

in such banking institutions of special trust accounts for the receipt of new deposits which shall be subject to withdrawal on demand without any restriction or limitation and shall be kept separately in cash or on deposit in Federal Reserve Banks or invested in obligations of the United States.

As used in this order the term "banking institutions" shall include all Federal Reserve banks, national banking associations, banks, trust companies, savings banks, building and loan associations, credit unions, or other corporations, partnerships, associations or persons, engaged in the business of receiving deposits, making loans, discounting business paper, or transacting any other form of banking business.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done in the city of Washington this 6th day of March, 1 a. m., in the year of our Lord 1933, and of the independence of the United States, the one hundred and fifty-seventh.

[SEAL]

FRANKLIN D. ROOSEVELT.

By the president:

CORDELL HULL,

Secretary of State.

(Report, pp. 18-19.)

[PUBLIC—No. 1—73RD CONGRESS]

[H.R. 1491]

AN ACT To provide relief in the existing national emergency in banking, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress hereby declares that a serious emergency exists and that it is imperatively necessary speedily to put into effect remedies of uniform national application.

TITLE I

SECTION 1. The actions, regulations, rules, licenses, orders and proclamations heretofore or hereafter taken, promulgated, made, or issued by the President of the United States or the Secretary of the Treasury since March 4, 1933, pursuant to the authority conferred by subdivision (b) of section 5 of the Act of October 6, 1917, as amended, are hereby approved and confirmed.

SEC. 2. Subdivision (b) of section 5 of the act of October 6, 1917 (40 Stat. L. 411), as amended, is hereby amended to read as follows:

“(b) During time of war or during any other period of national emergency declared by the President, the President may, through any agency that he may designate, or otherwise, investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit

between or payments by banking institutions as defined by the President, and export, hoarding, melting, or earmarking of gold or silver coin or bullion or currency, by any person within the United States or any place subject to the jurisdiction thereof; and the President may require any person engaged in any transaction referred to in this subdivision to furnish under oath, complete information relative thereto, including the production of any books of account, contracts, letters or other papers, in connection therewith in the custody or control of such person, either before or after such transaction is completed. Whoever willfully violates any of the provisions of this subdivision or of any license, order, rule or regulation issued thereunder, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both. As used in this subdivision the term 'person' means an individual, partnership, association, or corporation."

SEC. 3. * * *

SEC. 4. * * *

TITLE II

SEC. 201. This title may be cited as the "Bank Conservation Act."

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TITLE III

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TITLE IV

SEC. 401. The sixth paragraph of section 18 of the Federal Reserve Act is amended to read as follows:

* * * * *

TITLE V

SEC. 501. * * *

SEC. 502. The right to alter, amend, or repeal this Act is hereby expressly reserved. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Approved March 9, 1933, 8:30 p. m.

(Report, pp. 19-24.)

A PROCLAMATION BY THE PRESIDENT OF THE
UNITED STATES OF AMERICA.

No. (2040)

CONTINUING IN FORCE THE BANK HOLIDAY PROCLAMATION
OF MARCH 6, 1933.

* * * * *

EXECUTIVE ORDER No. 6073.

REGULATIONS CONCERNING THE OPERATION OF BANKS.

By virtue of the authority vested in me by section 5 (b) of the act of October 6, 1917 (40 Stat. L. 411),

as amended by the act of March 9, 1933, and by section 4 of the said act of March 9, 1933, and by virtue of all other authority vested in me, I hereby issue the following Executive order:

The Secretary of the Treasury is authorized and empowered under such regulations as he may prescribe to permit any member bank of the Federal Reserve System and any other banking institution organized under the laws of the United States to perform any or all of their usual banking functions, except as otherwise prohibited.

* * * * *

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,

March 10, 1933.

(Report, p. 25.)

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
March 13, 1933.

EMERGENCY BANKING REGULATION No. 25:

Under the authority of the President's proclamation of March 6 and March 9, 1933, declaring and continuing a bank holiday, the following regulation is prescribed:

"Pending the determination by the Treasury Department of a suitable procedure for licensing the delivery of gold for use in trade, profession or art, Federal Reserve banks are hereby authorized to deliver

upon request therefor gold in amounts deemed by such bank to be reasonably required for legitimate and customary uses in trade, profession or art, provided such request is accompanied by affidavit of the person requesting such gold stating the amount of unmanufactured gold on hand and the facts making it necessary to obtain such gold for the purpose of maintaining employment.

“All banks licensed to open for usual and normal functions are permitted to carry out any transaction necessary to complete the delivery of any gold authorized by any Federal Reserve bank to be delivered in accordance with such request.”

(Report, p. 27.)

EXECUTIVE ORDER No. 6102.

FORBIDDING THE HOARDING OF GOLD COIN, GOLD BULLION,
AND GOLD CERTIFICATES.

By virtue of the authority vested in me by section 5 (b) of the act of October 6, 1917, as amended by section 2 of the act of March 9, 1933, entitled “An act to provide relief in the existing national emergency in banking, and for other purposes”, in which amendatory act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still continues to exist, and pursuant to said section do hereby prohibit the hoarding of gold coin, gold bullion, and gold certificates within

the continental United States by individuals, partnerships, associations, and corporations, and do hereby prescribe the following regulations for carrying out the purposes of this order:

SECTION 1. For the purposes of this regulation, the term "hoarding" means the withdrawal and withholding of gold coin, gold bullion, or gold certificates from the recognized and customary channels of trade. The term "person" means any individual, partnership, association, or corporation.

SEC. 2. All persons are hereby required to deliver, on or before May 1, 1933, to a Federal Reserve bank or a branch or agency thereof, or to any member bank of the Federal Reserve System, all gold coin, gold bullion, and gold certificates now owned by them or coming into their ownership on or before April 28, 1933, except the following:

(a) Such amount of gold as may be required for legitimate and customary use in industry, profession, or art within a reasonable time, including gold prior to refining and stocks of gold in reasonable amounts for the usual trade requirements of owners mining and refining such gold.

(b) Gold coin and gold certificates in an amount not exceeding in the aggregate \$100 belonging to any one person; and *gold coins having a recognized special value to collectors of rare and unusual coins.*

(c) * * *

(d) * * *

SEC. 3. Until otherwise ordered, any person becoming the owner of any gold coin, gold bullion, or gold certificates after April 28, 1933, shall, within 3 days after receipt thereof, deliver the same in the manner prescribed in section 2; unless such gold coin, gold bullion, or gold certificates are held for any of the purposes specified in paragraphs (a), (b), or (c) of section 2; or * * *

SEC. 4. * * *

SEC. 5. * * *

SEC. 6. * * *

SEC. 7. * * *

SEC. 8. The *Secretary of the Treasury* is hereby authorized and *empowered to issue* such further *regulations* as he may deem necessary to carry out the purposes of this order and to issue licenses thereunder, through such officers or agencies as he may designate, including licenses permitting the Federal Reserve banks and member banks of the Federal Reserve System, in return for an equivalent amount of other coin, currency, or credit, to deliver, earmark, or hold in trust gold coin and bullion to or for persons showing the need for the same for any of the purposes specified in paragraphs (a), (c), and (d) of section 2 of these regulations.

SEC. 9. Whoever willfully violates any provision of this Executive order or of these regulations, or of any rule, regulation, or license issued thereunder may be fined not more than \$10,000, or, if a natural per-

son, may be imprisoned for not more than 10 years, or both; and any officer, director, or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

This order and these regulations may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,

April 5, 1933.

(Italics ours.)

(Report, pp. 27-28.)

EXECUTIVE ORDER No. 6260.

RELATING TO THE HOARDING, EXPORT, AND EARMARKING
OF GOLD COIN, BULLION, OR CURRENCY, AND TO TRANS-
ACTIONS IN FOREIGN EXCHANGE.

By virtue of the authority vested in me by section 5 (b) of the act of October 6, 1917, as amended by section 2 of the act of March 9, 1933, entitled "An act to provide relief in the existing national emergency in banking and for other purposes", I, Franklin D. Roosevelt, President of the United States of America, do declare that a period of national emergency exists, and by virtue of said authority and of all other authority vested in me, do hereby prescribe the following provisions for the investigation and regulation of the hoarding, earmarking, and export of gold coin, gold bullion, and gold certificates by any

person within the United States or any place subject to the jurisdiction thereof; and for the investigation and regulation of transactions in foreign exchange and transfers of credit and the export or withdrawal of currency from the United States or any place subject to the jurisdiction thereby by any person within the United States or any place subject to the jurisdiction thereof.

SEC. 2. *Definitions.*—As used in this order the term “person” means an individual, partnership, association, or corporation; and the term “the United States” means the United States and any place subject to the jurisdiction thereof.

SEC. 3. *Returns.*—Within 15 days from the date of this order every person in possession of and every person owning gold coin, gold bullion, or gold certificates shall make under oath and file as hereinafter provided a return to the Secretary of the Treasury containing true and complete information relative thereto, including the name and address of the person making the return; the kind and amount of such coin, bullion, or certificates held and the location thereof; if held for another, the capacity in which held and the person for whom held, together with the post-office address of such person; and the nature of the transaction requiring the holding of such coin, bullion, or certificates and a statement explaining why such transaction cannot be carried out by the use of currency other than gold certificates; provided that no returns are required to be filed with respect to—

(a) Gold coin, gold bullion, and gold certificates in an amount not exceeding in the aggregate \$100 belonging to any one person;

(b) *Gold coin having a recognized special value to collectors* of rare and unusual coin;

(c) Gold coin, gold bullion, and gold certificates acquired or held under a license heretofore granted by or under authority of the Secretary of the Treasury; and

(d) Gold coin, gold bullion, and gold certificates owned by Federal Reserve banks.

Such return required to be made by an individual shall be filed with the collector of internal revenue for the collection district in which such individual resides, or, if such individual has no legal residence in the United States, then with the collector of internal revenue at Baltimore, Md. Such return required to be made by a partnership, association, or corporation shall be filed with the collector of internal revenue of the collection district in which is located the principal place of business or principal office or agency of such partnership, association, or corporation, or, if it has no principal place of business or principal office or agency in the United States, then with the collector of internal revenue at Baltimore, Md. Such return required to be made by an individual residing in Alaska shall be filed with the collector of internal revenue at Seattle, Wash. Such return required to be made by a partnership, association, or corporation having its principal place of

business or principal office or agency in Alaska shall be filed with the collector of internal revenue at Seattle, Wash.

The Secretary of the Treasury may grant a reasonable extension of time for filing a return, under such rules and regulations as he shall prescribe. No such extension shall be for more than 45 days from the date of this Executive order. An extension granted hereunder shall be deemed a license to hold for a period ending 15 days after the expiration of the extension.

The returns required to be made and filed under this section shall constitute public records; but they shall be open to public inspection only upon order of the President and under rules and regulations prescribed by the Secretary of the Treasury.

A return made and filed in accordance with this section by the owner of the gold coin, gold bullion, and gold certificates described therein, or his duly authorized agent, shall be deemed an application for the issuance under section 5 hereof of a license to hold such coin, bullion, and certificates.

SEC. 4. *Acquisition of gold coin and gold bullion.*—No person other than a Federal Reserve bank shall after the date of this order acquire in the United States any gold coin, gold bullion, or gold certificates except under license therefor issued pursuant to this Executive order, provided that member banks of the Federal Reserve System may accept delivery of such coin, bullion, and certificates for surrender

promptly to a Federal Reserve bank, and provided further that persons requiring gold for use in the industry, profession, or art in which they are regularly engaged may replenish their stocks of gold up to an aggregate amount of \$100, by acquisitions of gold bullion held under licenses issued under section 5 (b), without necessity of obtaining a license for such acquisitions.

The Secretary of the Treasury, subject to such further regulations as he may prescribe, shall issue licenses authorizing the acquisition of—

(a) Gold coin or gold bullion which the Secretary is satisfied is required for a necessary and lawful transaction for which currency other than gold certificates cannot be used, by an applicant who establishes that since March 9, 1933, he has surrendered an equal amount of gold coin, gold bullion, or gold certificates to a banking institution in the continental United States or to the Treasurer of the United States:

(b) Gold coin or gold bullion which the Secretary is satisfied is required by an applicant who holds a license to export such an amount of gold coin or gold bullion issued under subdivisions (c) or (d) of section 6 hereof; and

(c) Gold bullion which the Secretary, or such agency as he may designate, is satisfied is required for legitimate and customary use in industry, profession, or art by an applicant regularly engaged in

such industry, profession, or art, or in the business of furnishing gold therefor.

Licenses issued pursuant to this section shall authorize the holder to acquire gold coin and gold bullion only from the sources specified by the Secretary of the Treasury in regulations issued hereunder.

SEC. 5. *Holding of gold coin, gold bullion, and gold certificates.*—After 30 days from the date of this order no person shall hold in his possession or retain any interest, legal or equitable, in any gold coin, gold bullion, or gold certificates situated in the United States and owned by any person subject to the jurisdiction of the United States, except under license therefor issued pursuant to this Executive order: *Provided, however,* That licenses shall not be required in order to hold in possession or retain an interest in gold coin, gold bullion, or gold certificates with respect to which a return need not be filed under section 3 hereof.

The Secretary of the Treasury, subject to such further regulations as he may prescribe, shall issue licenses authorizing the holding of—

(a) Gold coin, gold bullion, and gold certificates, which the Secretary is satisfied are required by the person owning the same for necessary and lawful transactions for which currency, other than gold certificates, cannot be used;

(b) Gold bullion which the Secretary, or such agency as he may designate, is satisfied is required for legitimate and customary use in industry, profession,

or art by a person regularly engaged in such industry, profession, or art or in the business of furnishing gold therefor;

(c) Gold coin and gold bullion earmarked or held in trust since before April 20, 1933, for a recognized foreign government or foreign central bank or the Bank for International Settlements; and

(d) Gold coin and gold bullion imported for re-export or held pending action upon application for export licenses.

SEC. 6. *Earmarking and export of gold coin and gold bullion.*—After the date of this order no person shall earmark or export any gold coin, gold bullion, or gold certificates from the United States, except under license therefor issued by the Secretary of the Treasury pursuant to the provisions of this order.

The Secretary of the Treasury, in his discretion and subject to such regulations as he may prescribe, may issue licenses authorizing—

(a) The export of gold coin or gold bullion earmarked or held in trust since before April 20, 1933, for a recognized foreign government, foreign central bank, or the Bank for International Settlements;

(b) The export of gold, (i) imported for re-export, (ii) refined from gold-bearing materials imported by the applicant under an agreement to export gold, or (iii) in bullion containing not more than 5 ounces of gold per ton;

(c) The export of gold coin or gold bullion to the extent actually required for the fulfillment of a contract entered into by the applicant prior to April 20, 1933; but not in excess of the amount of the gold coin, gold bullion, and gold certificates surrendered by the applicant on or after March 9, 1933, to a banking institution in the continental United States or to the Treasurer of the United States; and

(d) The earmarking for foreign account and/or export of gold coin or gold bullion, with the approval of the President, for transactions which the Secretary of the Treasury may deem necessary to promote the public interest.

SEC. 7. *United States possessions—Shipments thereto.*— * * *

SEC. 10. Whoever wilfully violates any provision of this Executive order or of any license, order, rule, or regulation issued or prescribed hereunder shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than 10 years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

SEC. 11. The Executive orders of April 5, 1933, forbidding the hoarding of gold coin, gold bullion, and gold certificates, and April 20, 1933, relating to foreign exchange and the earmarking and export of gold coin or bullion or currency, respectively, are hereby revoked. * * * This Executive order and

any regulations or licenses issued hereunder may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,

August 28, 1933.

(Report, pp. 34-37.) (Italics ours.)

ORDER OF THE SECRETARY OF THE TREASURY REQUIRING
THE DELIVERY OF GOLD COIN, GOLD BULLION, AND
GOLD CERTIFICATES TO THE TREASURER OF THE
UNITED STATES.¹

Whereas * * *

Now, therefore, I, Henry Morgenthau, Jr., Acting Secretary of the Treasury, do hereby require every person subject to the jurisdiction of the United States forthwith to pay and deliver to the Treasurer of the United States all gold coin, gold bullion, and gold certificates situated in the United States, owned by such person, except as follows:

A. * * *.

B. Gold coin having a recognized special value to collectors of rare and unusual coin. * * *²

C. Unmelted scrap gold and gold sweepings in an amount not exceeding in the aggregate \$100, belonging to any one person; and gold which has been put through a process of fabrication for a specific and customary industrial, professional, or ornamental use;

¹Amended by order of the Secretary of the Treasury, Jan. 11, 1934; see table of exhibits; and supplemented by order of the Secretary of the Treasury, Jan. 15, 1934; see table of exhibits.

²Amended by order of the Secretary of the Treasury, Jan. 11, 1934; see table of exhibits.

D. * * *

E. * * *

SEC. 2. *Delivery.* * * *

SEC. 4. *Definitions.*—As used in this order, the term “person” means any individual, partnership, association, or corporation; the term “United States” means the United States and any place subject to the jurisdiction thereof; the term “continental United States” means the States of the United States, the District of Columbia, and the Territory of Alaska; the term “gold coin” means any coin containing gold, including foreign gold coin; and the term “gold bullion” means any gold which has been put through a process of smelting or refining that is in such form that its value depends upon the gold content and not upon the form, but does not include gold coin or metals containing less than five troy ounces of fine gold per short ton.

SEC. 5. Any individual, partnership, association, or corporation failing to comply with any requirement hereof or of any rules or regulations issued by the Secretary of the Treasury hereunder shall be subject to the penalty provided in section 11 (n) of the Federal Reserve Act, as amended.

This order may be modified or revoked at any time.

H. MORGENTHAU, JR.,

Acting Secretary of the Treasury.

Approved.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,

December 28, 1933.

(Report, pp. 45-46.)

EXECUTIVE ORDER NO. 6556.

AMENDMENT OF EXECUTIVE ORDER NO. 6260
OF AUGUST 28, 1933.

The first paragraph of section 4 of Executive Order No. 6260 of August 28, 1933, relating to the hoarding, export, and earmarking of gold coin, bullion, or currency, and to transactions in foreign exchange is hereby amended to read as follows:

SEC. 4. *Acquisition of gold coin and gold bullion.*—No person other than a Federal Reserve bank shall, after the date of this order, acquire in the United States any gold coin, gold bullion, or gold certificates except under license therefor issued pursuant to this Executive order, provided that member banks of the Federal Reserve System may accept delivery of such coin, bullion, and certificates for surrender promptly to a Federal Reserve bank, and provided further that persons requiring gold for use in the industry, profession, or art in which they are regularly engaged may replenish their stocks of gold up to an aggregate amount of \$100, by acquisitions of gold bullion held under licenses issued under section 5 (b), without necessity of obtaining a license for such acquisitions, and provided further that collectors of rare and unusual coin may acquire from one another and hold without necessity of obtaining a license therefor gold coin having a recognized special value to collectors of rare and unusual coin * * *.

Section 6 of the aforesaid order is hereby amended by adding thereto the following subparagraph:

(e) Through any agency that he may designate, the export of gold coin having a recognized special value to collectors of rare and unusual coin. * * *

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,

January 12, 1934.

(Report, pp. 47-48.)

TREASURY DEPARTMENT,

OFFICE OF THE SECRETARY,

January 31, 1934.

PROVISIONAL REGULATIONS

ISSUED UNDER THE

GOLD RESERVE ACT OF 1934

ARTICLE I. GENERAL PROVISIONS

SECTION 1. *Authority for regulations.*—These regulations, deemed necessary and proper by the Secretary of the Treasury to carry out the purposes of the Gold Reserve Act of 1934, approved January 30, 1934, are issued by the Secretary of the Treasury, with the approval of the President, under authority of said Act.

SEC. 2. *Scope.*—Articles II, III, IV, and V of these regulations refer particularly to section 3 of the Gold Reserve Act of 1934; and articles VI and VII refer particularly to sections 8 and 9, respectively, thereof.

The provisions of these regulations may be revoked or modified at any time and any license outstanding at the time of such revocation or modification shall

be modified thereby to the extent provided in such revocation or modification.

SEC. 3. *Titles and subtitles.*—* * *

SEC. 4. *Definitions.*—As used in these regulations, the term—

“Act” means the Gold Reserve Act of 1934, approved January 30, 1934.

“Person” means any individual, partnership, association, or corporation, including the Federal Reserve Board, Federal Reserve banks, and Federal Reserve Agents.

“Gold coin” means any coin containing gold as a major element, including gold coin of a foreign country.

“Scrap gold” means gold sweepings and fabricated gold, the value of which depends primarily upon its gold content and not upon its form, which is no longer held for the use for which it was processed or manufactured.

SEC. 11. *Penalties.*—Any gold withheld, acquired, transported, melted or treated, imported, exported, or earmarked or held in custody in violation of the Act, or of any regulations issued thereunder, including these regulations, or of any licenses issued pursuant thereto or hereto, shall be forfeited to the United States and may be seized and condemned by like proceedings as those provided by law for the forfeiture,

seizure, and condemnation of property imported into the United States contrary to law; and, in addition, any person failing to comply with the provisions of the Act or of any such regulations or licenses shall be subject to a penalty equal to twice the value of the gold in respect of which such failure occurred.

ARTICLE II. CONDITIONS UNDER WHICH GOLD MAY
BE ACQUIRED AND HELD, TRANSPORTED, MELTED OR
TREATED, IMPORTED, EXPORTED, OR EARMARKED OR
HELD IN CUSTODY FOR FOREIGN OR DOMESTIC AC-
COUNT.

SEC. 12. Gold in any form may be acquired, transported, melted or treated, imported, exported, or earmarked or held in custody for foreign or domestic account (except on behalf of the United States), only to the extent permitted by, and subject to the conditions prescribed in, these regulations or licenses issued pursuant to these regulations.

SEC. 13. *Transportation of gold.*—Gold may be transported by carriers for persons who are licensed to hold and transport such gold or who are permitted by these regulations to hold and transport gold without a license.

SEC. 14. *Gold situated outside of the United States.*—Gold in any form situated outside of the United States may be acquired, transported, melted or treated, or earmarked or held in custody for foreign or domestic account without the necessity of holding a license.

SEC. 15. *Gold situated in the possessions of the United States.*—* * *

* * * * *

SEC. 16. *Fabricated gold.*—(1) Fabricated gold may be acquired, transported within the United States, imported, or held in custody for domestic account without the necessity of holding a license therefor: * * *

* * * * *

SEC. 17. *Metals containing gold.*—* * *

SEC. 18. *Unmelted scrap gold.*—Unmelted scrap gold may be held and transported within the United States in amounts containing not more than 5 troy ounces of fine gold without the necessity of holding a license.

SEC. 19. *Gold in its natural state.*—Gold in its natural state (i.e., gold recovered from natural sources which has not been melted, smelted, or refined or otherwise treated by heating or by a chemical or electrical process) may be acquired, transported within the United States, imported, or held in custody for domestic account without the necessity of holding a license therefor. Such native gold may be melted or treated or exported only to the extent permitted by, and subject to the conditions prescribed in, or pursuant to, article III.

SEC. 20. *Rare coin.*—Gold coin of recognized special value to collectors of rare and unusual coin * * * may be acquired and held, transported within the United States, imported, or held in custody for do-

mestic account without the necessity of holding a license therefor. * * *

ARTICLE III. GOLD FOR INDUSTRIAL, PROFESSIONAL,
AND ARTISTIC USE.

* * * * *

ARTICLE IV. GOLD FOR THE PURPOSE OF SETTLING
INTERNATIONAL BALANCES, AND FOR OTHER PUR-
POSES. * * *

* * * * *

ARTICLE V. GOLD FOR OTHER PURPOSES NOT INCON-
SISTENT WITH THE PURPOSES OF THE GOLD RESERVE
ACT OF 1934.

* * * * *

SEC. 33. *Gold imported for reexport.*—* * *

* * * * *

ARTICLE VI. PURCHASE OF GOLD BY MINTS.

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ARTICLE VII. SALE OF GOLD BY MINTS.

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ARTICLE VIII. TRANSITORY PROVISIONS.

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HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

Approved:

FRANKLIN D. ROOSEVELT,
THE WHITE HOUSE.

Articles I, II, III, IV, V, and VIII approved
January 30, 1934.

Articles VI and VII approved January 31, 1934.

GOLD RESERVE ACT OF 1934.

AN ACT To protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Gold Reserve Act of 1934."

SEC. 2. (a) * * *

(b) Section 16 of the Federal Reserve Act, as amended, is further amended in the following respects: * * *

SEC. 3. The Secretary of the Treasury shall, by regulations issued hereunder, with the approval of the President, prescribe the conditions under which gold may be acquired and held, transported, melted or treated, imported, exported, or earmarked; (a) for industrial, professional, and artistic use; (b) by the Federal Reserve banks for the purpose of settling international balances; and (c) for such other purposes as in his judgment are not inconsistent with the purposes of this Act. Gold in any form may be acquired, transported, melted or treated, imported, exported, or earmarked or held in custody for foreign or domestic account (except on behalf of the United States) only to the extent permitted by, and subject to the conditions prescribed in, or pursuant to, such regulations. Such

regulations may exempt from the provisions of this section, in whole or in part, gold situated in the Philippine Islands or other places beyond the limits of the continental United States.

SEC. 4. Any gold withheld, acquired, transported, melted or treated, imported, exported, or earmarked or held in custody, in violation of this Act or of any regulations issued hereunder, or licenses issued pursuant thereto, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law; and in addition any person failing to comply with the provisions of this Act or of any such regulations or licenses, shall be subject to a penalty equal to twice the value of the gold in respect of which such failure occurred.

SEC. 5. * * *

SEC. 6. * * *

SEC. 7. * * *

SEC. 8. * * *

SEC. 9. * * *

SEC. 10. (a) For the purpose of stabilizing the exchange value of the dollar, the Secretary of the Treasury, with the approval of the President, directly or through such agencies as he may designate, is authorized, for the account of the fund established in this section, to deal in gold and foreign exchange and such other instruments

of credit and securities as he may deem necessary to carry out the purpose of this section. An annual audit of such funds shall be made and a report thereof submitted to the President.

(b) To enable the Secretary of the Treasury to carry out the provisions of this section there is hereby appropriated, out of the receipts which are directed to be covered into the Treasury under section 7 hereof, the sum of \$2,000,000,000, which sum when available shall be deposited with the Treasurer of the United States in a stabilization fund (hereinafter called the "fund") under the exclusive control of the Secretary of the Treasury, with the approval of the President, whose decisions shall be final and not be subject to review by any other officer of the United States. The fund shall be available for expenditure, under the direction of the Secretary of the Treasury and in his discretion, for any purpose in connection with carrying out the provisions of this section, including the investment and reinvestment in direct obligations of the United States of any portions of the fund which the Secretary of the Treasury, with the approval of the President, may from time to time determine are not currently required for stabilizing the exchange value of the dollar. The proceeds of all sales and investments and all earnings and interest accruing under the operations of this section shall be paid into the fund and shall be available for the purposes of the fund.

(c) All the powers conferred by this section shall expire two years after the date of enactment of this Act, unless the President shall sooner declare the existing emergency ended and the operation of the stabilization fund terminated; but the President may extend such period for not more than one additional year after such date by proclamation recognizing the continuance of such emergency.

SEC. 11. The Secretary of the Treasury is hereby authorized to issue, with the approval of the President, such rules and regulations as the Secretary may deem necessary or proper to carry out the purposes of this Act.

SEC. 12. * * *

SEC. 13. All actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made or issued by the President of the United States or the Secretary of the Treasury, under the Act of March 9, 1933, or under section 43 or section 45 of title III of the Act of May 12, 1933, are hereby approved, ratified, and confirmed.

SEC. 14. * * *

SEC. 15. * * *

SEC. 16. The right to alter, amend, or repeal this Act is hereby expressly reserved. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such

provision to other persons or circumstances, shall not be affected thereby.

SEC. 17. All Acts and parts of Acts inconsistent with any of the provisions of this Act are hereby repealed.

Approved, January 30, 1934.

THE CHAIRMAN. The committee will now proceed with the hearing on the bill S. 2366. Governor Roy A. Young is present; and if it is agreeable to him, we will hear him at this time.

(Report, pp. 84-91.)